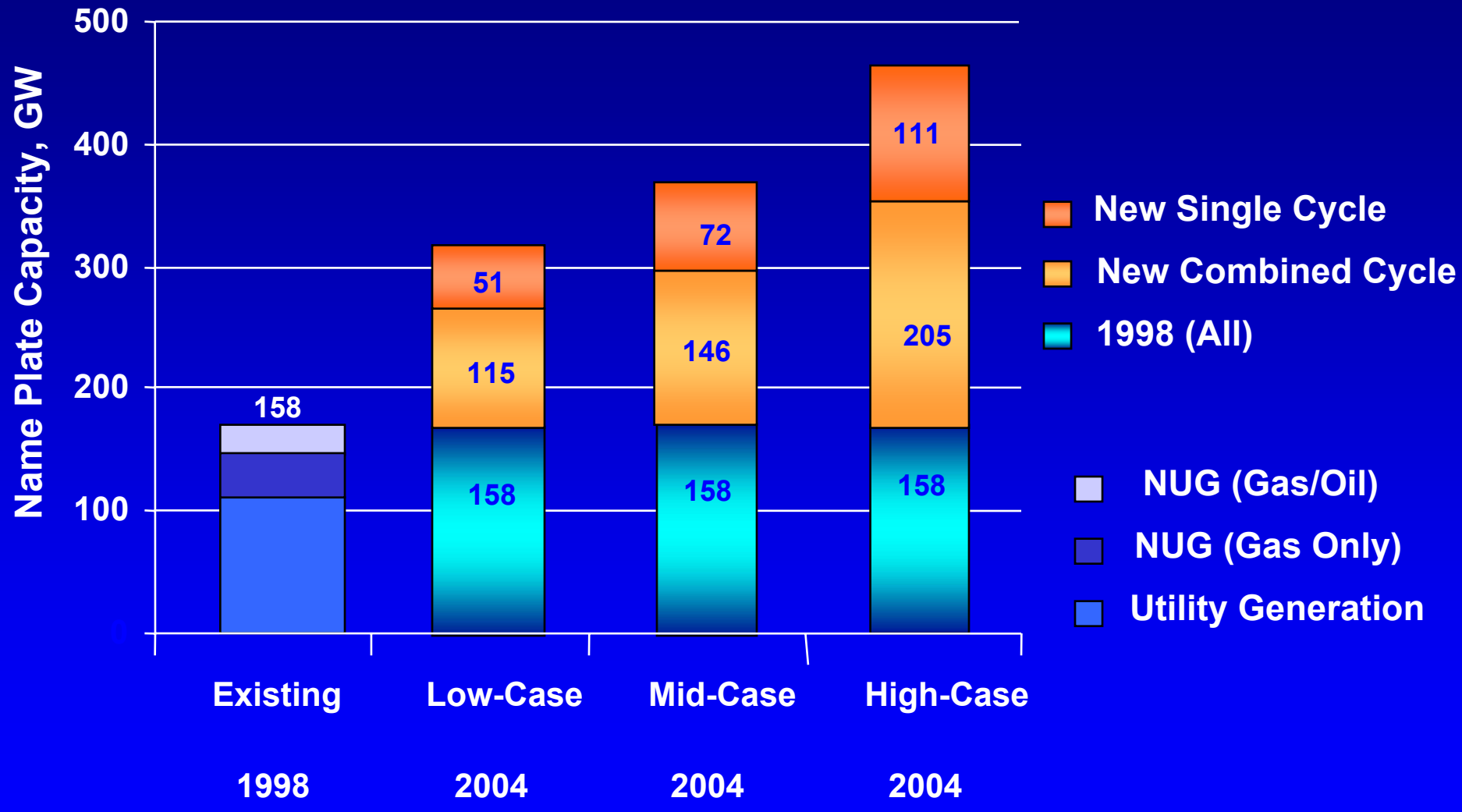
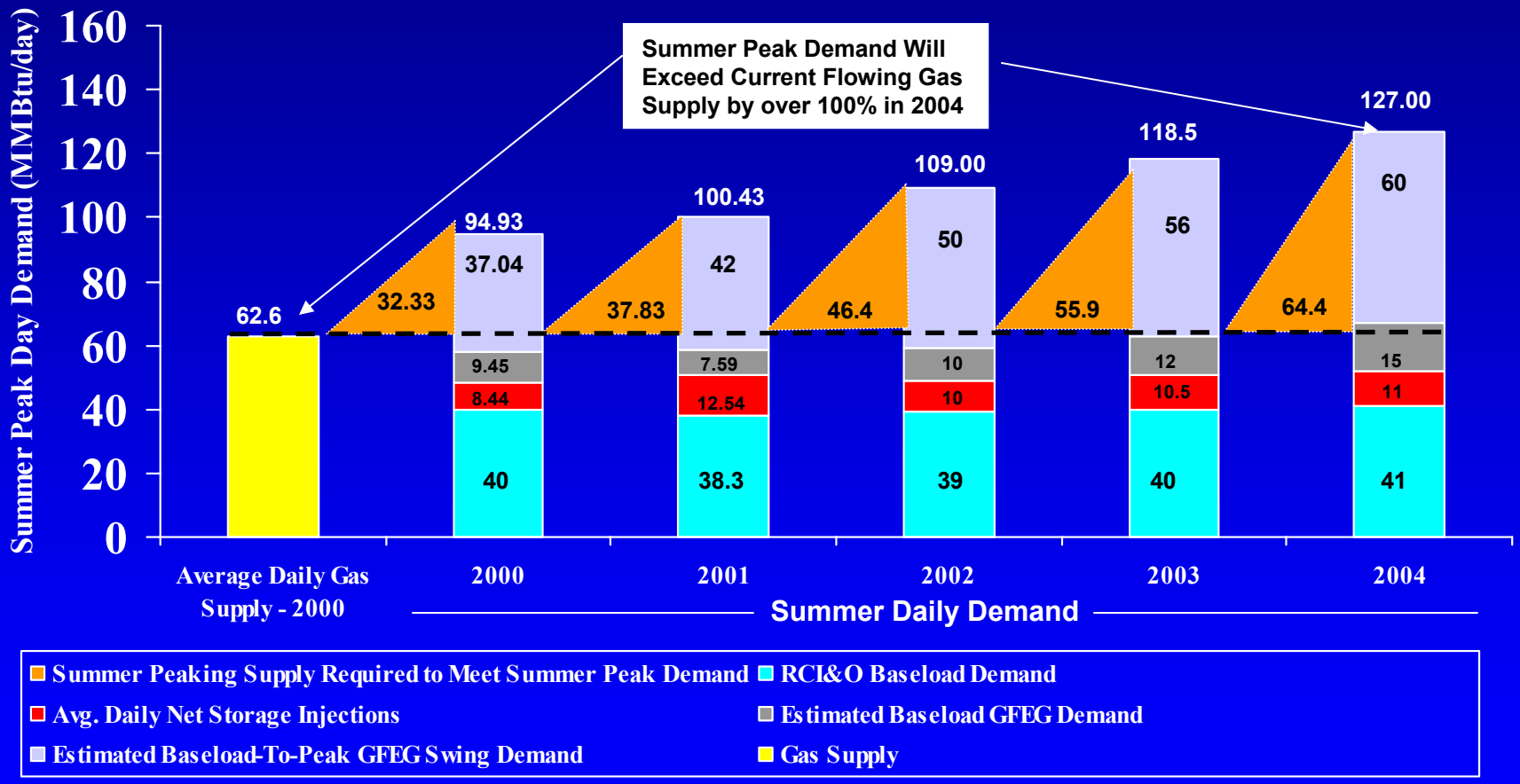
GFEG Existing and Forecasted Capacity



Summer Peak Day Demand and GFEG Load Swings 2000-2004

(Assumes 200,000 MW of New GFEG Capacity Placed In Service from 1998-2004)

Where is the Summer Peak-Day Deliverability Going to Come From?



FALCON GAS STORAGE

Major Regional Pipeline OFOs and Imbalance/Overrun Penalties*

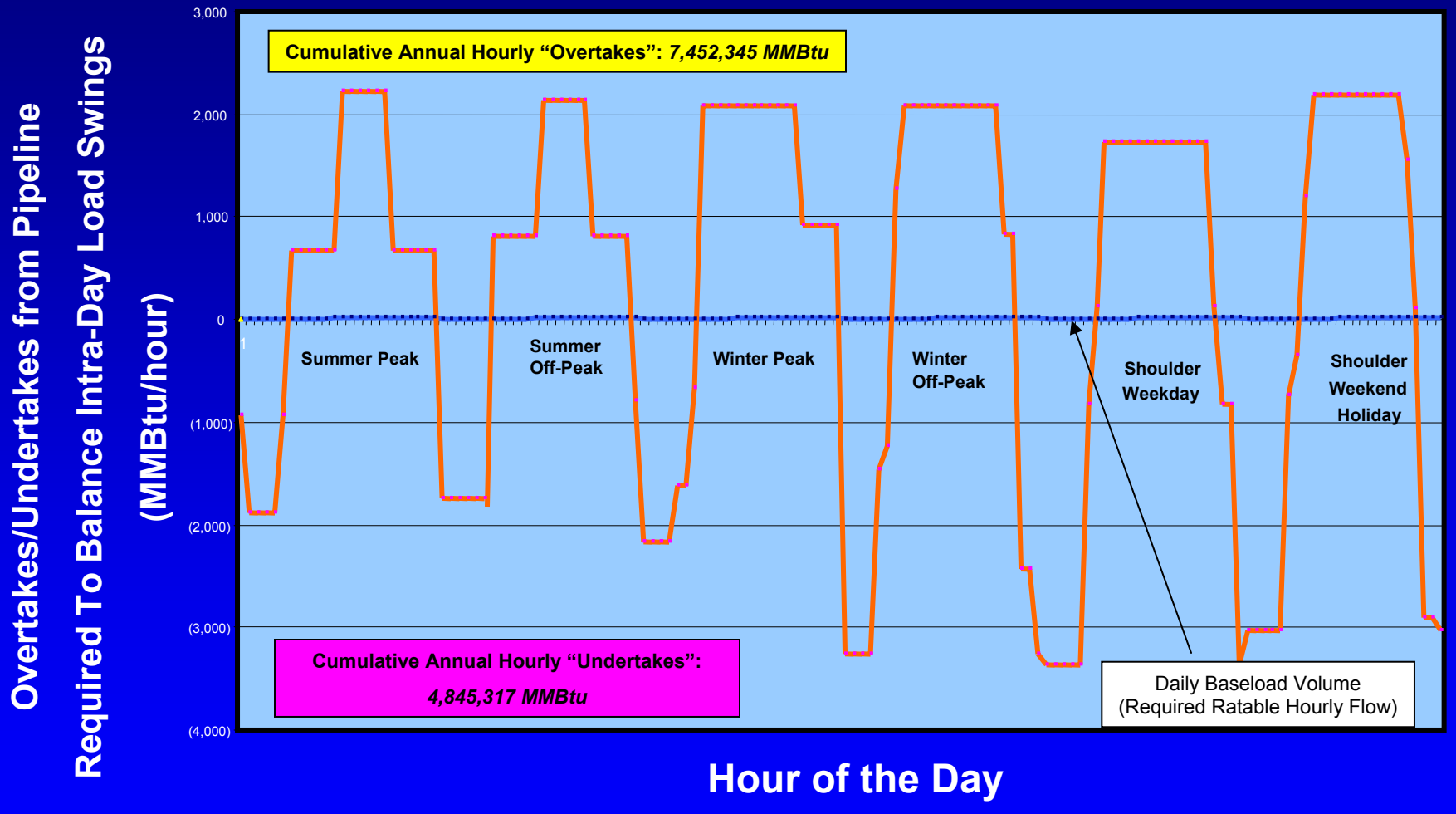
Region	# of Pipelines	Pipelines Requiring Ratable Hourly Flow**	Pipelines Implementing OFOs	Pipelines Assessing Imbalance/Overrun Penalties
West	5	3	4	4
Midwest	9	8	9	9
East	10	10	10	10
Southeast	2	2	2	2
Texas	2	2	2	2
Total	28	25	27	27

*Based on a survey of the tariffs of 28 of the largest interstate and intrastate pipelines
**Within a narrowly-defined tolerance (e.g., ±10%)

FALCON GAS STORAGE

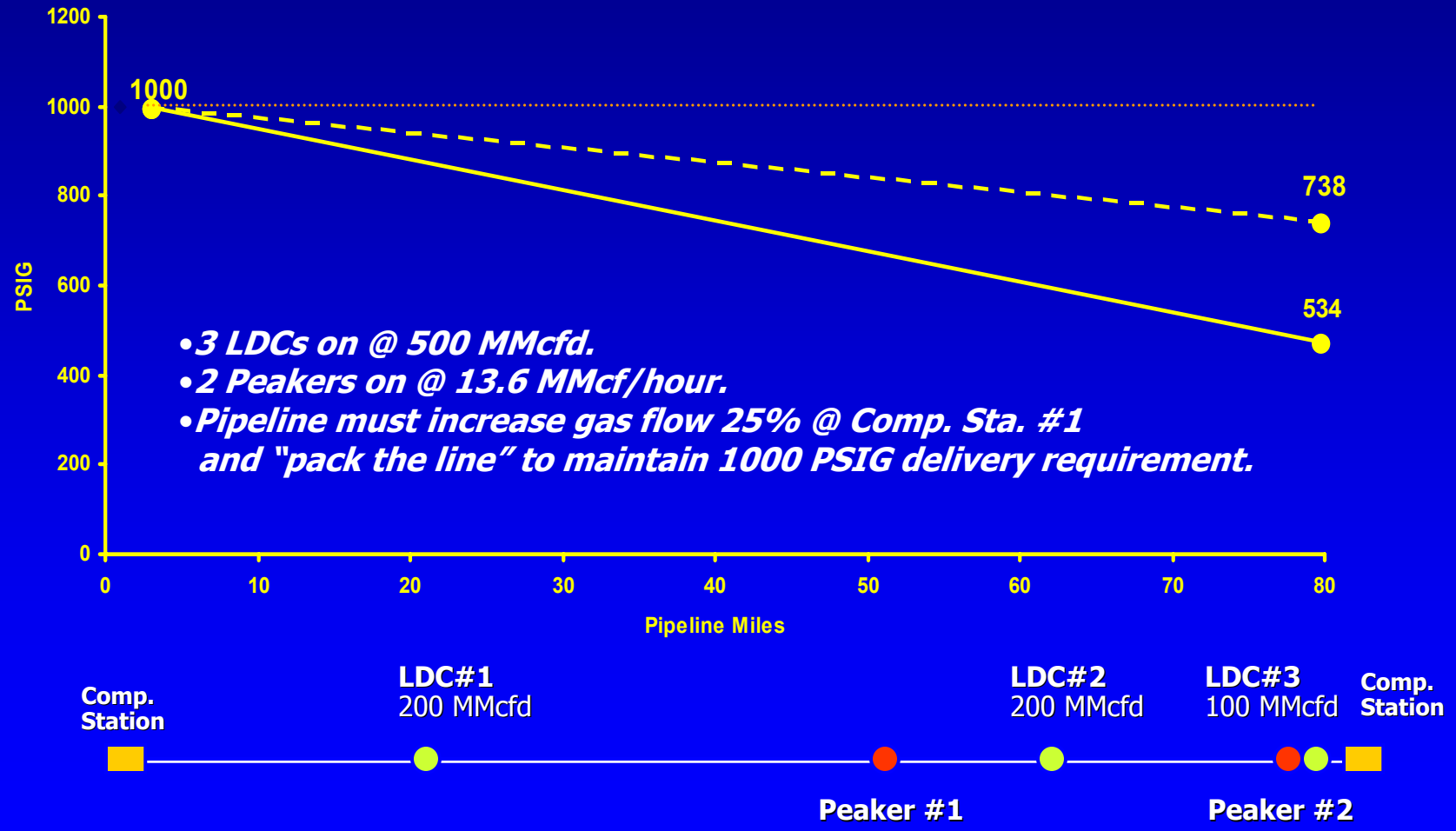
Hourly Pipeline Imbalances Caused by Intra-Day Load Swings

For a Typical 750 MW Combined Cycle GFEG Facility



Pressure Impact of Gas-Fired Generator On-Line

Hypothetical 36”, 80-mile segment



Source: AGA, "Impact of Power Generation Gas Demand on Natural Gas Local Distribution Companies"

FALCON GAS STORAGE

Imbalance Penalty Analysis

Type of Imbalance*	Volume (MMBtu)*	Total Imbalance Overrun Penalties @ $0.50/MMBtu	Total Imbalance Overrun Penalties @ $1.00/MMBtu
• Cumulative Annual "Overtakes"	7,452,345	$3,726,172	$7,452,345
• Cumulative Annual "Undertakes"	4,845,317	$2,422,659	$4,845,317
• Cumulative Total Imbalances	12,297,662	$6,148,831	$12,297,662

** From Slide 4*

FALCON GAS STORAGE

Lost Opportunity Cost
750 MW GFEG (CC) Facility

Duration of Service Interruption (Gas Deliveries Suspended/Curtailed)	
# of Hours	% of Annual Total*
100	2%
200	4%
300	6%

Lost Opportunity Cost (No Power Dispatched)		
@ $50/MWH	@ $100/MWH	@ $250/MWH
$3.75 MM	$7.5 MM	$18.75 MM
$7.5 MM	$15 MM	$37.5 MM
$11.25 MM	$22.5 MM	$56.25 MM

* Assumes Total Annual Dispatch of 5,000 Hours (57% Annual Load Factor)

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